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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS,  
UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

July 28, 1924.

Vol. II, No. 16.

## FARMERS FORM BIG GRAIN MARKETING COMPANY.

An organization known as the Grain Marketing Company has been formed recently under the Illinois cooperative marketing act, by eleven leaders in the various agricultural movements in the United States. The purpose of the company is to market and sell all agricultural products, "including the purchasing, grading, handling, processing, selling of grain of all kinds, and doing all things necessary or convenient in connection with the handling of grain and other agricultural products of the members ... and of non-members, provided that the products of non-members handled in any fiscal year shall not exceed the total of similar products handled by the association for its own members during the same period. ...."

The company is incorporated for fifty years, with headquarters at Chicago, and with eleven directors to be elected for terms of five years.

Provision has been made for the issuing of capital stock to the amount of \$51,000,000, as follows:

Kind of Stock	: Number of	: Par Value	: Total Value
	: Shares	:	:
Class A Preferred	: 1,000,000:	\$25	: \$25,000,000
Class B Preferred	: 500,000:	50	: 25,000,000
Common	: 1,000,000:	1	: 1,000,000

Preferred stock is entitled to cumulative dividends not exceeding 8%. Class A can be sold only to members of the association. Class B can be sold to non-members or exchanged for other stock, property, or an interest in property. It is proposed that Class B stock shall be redeemed and Class A stock issued in its stead.

The common stock can be issued only to persons engaged in the production of agricultural products, and only holders of common stock shall be members of the company.

It is announced that as soon as the board of directors is organized plans looking toward the acquisition of facilities for marketing grain will be developed.

SANDHILL FRUIT GROWERS ISSUE ATTRACTIVE BOOKLET

The Sandhill Fruit Growers' Association, Aberdeen, N. C., is preparing to market the 1924 crop of Sandhill peaches. An 8-page, illustrated booklet, issued to the carlot buyers, sets forth the desirable qualities of peaches grown in the sandhill region of North Carolina and stresses the careful grade and pack of the organization's shipments. The shipments began about July 15 and will be completed about August 15. Peaches handled by the association will be shipped from thirteen local stations in the territory.

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KENTUCKY WOOLS TO BE SOLD ON GRADE

Grading of the wool in the warehouses of the Farmers' Union Wool Growers' Cooperative Association, was begun on June 23 by an expert grader. Five days were required to complete the work at the warehouse at Lexington, and shorter times at the numerous other warehouses throughout the state. The plan of operation decided upon by the board of directors was to ask for sealed bids from eastern manufacturers and buyers as soon as the wool was graded and the quantities of the various grades determined. If satisfactory bids were received the wool was to be sold immediately, the decisions as to the desirability of accepting the bids resting with the directors of the association.

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SEVENTEEN THOUSAND CARS OF STOCK SOLD BY CHICAGO PRODUCERS

Figures now obtainable for the second fiscal year of the Chicago Producers' Commission Association, Chicago, Ill., show that 17,712 cars of stock were sold by the association. This was an increase of 58.5% over the sales of the first year, and the management believes it has established a new record in the number of cars handled by any cooperative selling agency during one year.

Sales of livestock amounted to \$24,700,000. Growth was fairly constant in each department, the cattle department showing an increase of 47.8%; the hog department, 51.2%; and the sheep department, 199.6%. Shipments were received from 17 states and from Canada. Illinois contributed 52% of the cars consigned, and Iowa came second with 42%.

Refunds on shipments amounted to \$103,461.55, or 30% of the paid-in commissions. As stated by the management, one of the aims of the association is "to effect every possible economy in marketing, to the end that the livestock producers shall pay for only the actual cost incurred in the marketing process."

TEN PER CENT DIVIDEND TO CHERRY GROWERS

During the 1923 season the Grand Traverse Packing Company, Traverse City, Mich., canned 3,052,103 pounds of sour cherries and packed in barrels 600,161 pounds. This made 477,000 No. 2 cans and 339,308 No. 10 cans, 1,345 fifty-gallon barrels, 280 thirty-gallon barrels, and 92 fifteen-gallon kegs. At the annual meeting a 10% dividend was declared for the two years the company has been operating.

The organization is a stock company capitalized at \$250,000. Of the 296 stockholders 265 are farmers. The real estate, buildings and equipment are valued at \$228,507. Outstanding capital stock, unpaid dividends and undivided profits amounted to \$253,272 at the end of the fiscal year, April 30, 1924. (See Agricultural Cooperation, March 12, 1923, p. 16.)

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ASSOCIATION MANAGER SUGGESTS A SELLING POLICY

As the returns are better on unshelled almonds, the manager of the California Almond Growers' Exchange, San Francisco, Calif., recommends that every possible pound of nuts be sold in the shell. Further he recommends that rather than have a carry-over every pound that is not saleable in the shell when the crop is ready for distribution shall be diverted to the nut shellers. Nuts which remained unsold at the close of the fiscal year were inventoried and the pools closed. Prices on the different varieties for the 1923-24 season ranged from 6-1/2¢ to 15¢ per pound.

Statistical information regarding the sale of almonds for the past six years is presented in the following table:

Season	Total deliveries	Payments	Av. Price
:	(Pounds)	:	(Cents per lb.)
1917	5,272,325	\$ 750,253.85	14.23
1918	5,738,703	1,137,059.86	19.81
1919	10,743,963	2,042,374.54	19.01
1920	8,251,339	1,193,929.56	13.48
1921	8,457,117	1,133,590.59	13.40
1922	11,406,350	1,603,642.13	14.06
:	:	:	:

Arrangements have been completed with the United States Department of Agriculture and the California Agricultural Experiment Station to undertake jointly to breed new and improved varieties of almonds which will be more satisfactory to producer and consumer. This work has been begun.

Experiments are to be conducted at the plants on the grading of nuts in the shell.



APPLE ASSOCIATION WANTS FEWER GRADES AND BETTER PACKING

Fourteen hundred sixty-four cars of fruit were handled the past season by the Western New York Fruit Growers' Cooperative Packing Association, Inc., Rochester, N. Y. Of these 91% were sold f. o. b. in 163 markets in 25 states, in Canada and Great Britain. The number of cars handled was 40% greater than in 1922, while the expenses were \$5,000 less. With a heavy crop and a gradual decline in prices, sales were hard to make. Twenty-eight meetings of the board of directors were necessary to consider the problems which arose.

The association begins operations this year with 143 new members and 4 new locals; a five-year contract has been adopted, and a new warehousing corporation formed. Fewer grades are recommended for this year, better packing, and more prompt delivery of fruit to the packing houses.

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SIXTY-FIVE PER CENT OF CRANBERRIES SOLD COOPERATIVELY

Nearly 400,000 barrels of cranberries of the 1923 crop were marketed through producer-controlled cooperative associations. As the total production of cranberries in the United States for 1923 is estimated at 610,000 barrels, the quantity handled through cooperative agencies is approximately 65% of the total.

The New England Cranberry Sales Company, Middleboro, Mass., of the several cooperative associations, handled the largest quantity. These berries, as well as those handled by the Philadelphia and Wisconsin associations and the Long Island berries marketed through cooperative channels, were sold through the American Cranberry Exchange, a selling agency maintained by the Massachusetts, Long Island, New Jersey, and Wisconsin growers.

The approximate number of barrels handled by the several associations was as follows:

	<u>Barrels</u>
New England Cranberry Sales Company, Middleboro, Mass.	227,700
Growers' Cranberry Company, Philadelphia, Pa.	131,700
Wisconsin Cranberry Sales Company, Wisconsin Rapids, Wis.	28,200
Long Island berries, (Through American Cranberry Exchange)	3,500
Pacific Cranberry Exchange, Astoria, Oregon	6,000

MORE POTATO GROWERS WANTED IN MINNESOTA EXCHANGE

Five thousand more members by August 15, is the present goal of the Minnesota Potato Growers' Exchange, St. Paul, Minn. The drive began with a meeting of state trustees in St. Paul, on July 11, followed by a series of twelve meetings in the potato sections, with the man who developed the warehouse department of the Burley Tobacco Growers' Co-operative Association as the principal speaker.

A large storage warehouse at Moorhead has been purchased by the exchange. This plant is the largest in the section, being 202 feet long and 100 feet wide, three stories and basement, built of brick and concrete, with a ventilating system which has proved effective in keeping potatoes until late spring. The storage capacity is adequate for 400 cars, and the equipment permits six cars to be unloaded at one time. Another feature is that cars may be loaded for shipment at any time regardless of weather conditions. The acquisition of this plant is considered a very important step in the program for orderly marketing. Sixty-seven warehouses had been acquired by the first week in July.

Thirty-four county associations are now affiliated with the exchange, three new ones having come in recently.

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USE OF MARKETING CONTRACT BY FRUIT AND VEGETABLE ASSOCIATIONS

Data collected from over six hundred associations handling fruits and vegetables indicate that the associations of this type using marketing contracts have 78.1% of the membership of all fruit and vegetable associations and are credited with 78.3% of the total business of fruit and vegetable associations in 1922.

The number of associations which reported regarding the use of marketing contracts and reported membership was 646. Their total membership was 127,305. Of the total number, 427 associations using the marketing contract reported 99,346 members, 78.1% of the total number.

Five hundred nineteen associations reported regarding contracts and reported total business for 1922 amounting to \$169,679,000. Of these associations 344 reported 1922 business amounting to \$132,874,000, 78.3%. The percentages for the geographic divisions in which fruit and vegetable associations are the most numerous, are as follows:

Geographic Division	: Associations	: Membership	: 1922 Business
	: Using Contracts	: Under Contract	: Under Contract
	: (%)	: (%)	: (%)
United States	: 64.6	: 78.1	: 78.3
Pacific	: 78.7	: 96.7	: 94.0
Middle Atlantic	: 78.6	: 69.9	: 69.2
South Atlantic	: 69.5	: 40.4	: 35.2
East North Central	: 48.1	: 47.5	: 57.9
West North Central	: 33.8	: 48.0	: 80.6

LIVESTOCK PRODUCERS MAKE GOOD SHOWING

During its first year, May 15, 1923, to May 15, 1924, the Producers' Cooperative Commission Association, Cleveland, Ohio, handled 25.1% of all the animals sold on the Cleveland livestock market. The percentages of the different kinds of animals handled by the company were: hogs, 26.9% of all; sheep, 24.3%; calves, 24%; cattle, 9.6%.

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SWEET POTATO GROWERS COMPLETE ORGANIZATION

Organization of the Georgia Sweet Potato Growers' Association, Valdosta, Ga., was completed on July 11, when a charter was secured under the cooperative marketing act of the state, officers were elected and by-laws adopted. About 700 members have been secured in 17 counties of the state. The campaign will be continued until late in the fall and it is expected that about 3,000 contracts will be signed by that time. Standardization of curing, grading and packing are to be emphasized. Growers are admonished in the following terms: "Remember that we are organizing to work out uniformity in our curing, grading and packing, so that the whole world may know when it buys a car of our product it is going to get what it bought. We want buyers of our potatoes to know that those in the bottom of the crate are as pretty as those on top, and we want the crate full when it reaches the buyer. We can't put something over on the buyer but once. And once we do, he is through with us for good."

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GOOD SHOWING MADE BY EQUITY EXCHANGE

Gross profits of \$10,479.11 resulted from the operations of the Lemmon Equity Exchange, Lemmon, S. D., for the year ending December 1, 1923. Operating expenses amounted to \$7,945.82, leaving the net profit \$2,533.29, which was distributed as follows:

Surplus, 25%	\$633.32
Dividend on stock, 5%	608.75
Educational fund, 1%	25.33
Surplus, balance profit on nonstock business	75.25
Rebate, profit on stock business	1,190.64
	<u>2,633.29</u>

The exchange operates an elevator and handles several side lines. Commodities handled include wheat, durum, oats, rye, corn, barley, flour and feed, machinery, seeds, posts, twine, wire, etc.

Organized in 1914, this company has realized a profit every year except 1921. The elevator building is valued at \$11,876; the warehouse building at \$1,751, and real estate at \$600. Net worth at the end of the year was \$15,066.86. In 1918 the exchange had 100 members.



TOBACCO GROWERS STILL JOINING BURLEY ASSOCIATION

Continued gains in membership are reported by the Burley Tobacco Growers' Cooperative Association, Lexington, Ky. The latest figures announced are 104,260, with more contracts coming in all the time.

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INSURANCE COMPANIES REDUCE RATES ON COOPERATIVE TOBACCO

A reduction of 15% in insurance rates on receiving-plants and tobacco in storage, was made voluntarily by insurance companies to the Burley Tobacco Growers' Cooperative Association, Lexington, Ky., because of less risk due to concentration in the hands of the association and to the elimination of the moral hazard. This action means a saving to the members of \$33,000, and is considered a tribute from hard-headed business men to the management of the Burley association.

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COMMISSION FROM TOBACCO ASSOCIATIONS VISITS EUROPE

A commission representing three of the large tobacco cooperatives recently visited many of the important trade centers of Europe in the interests of tobacco marketing. Calls were made on the large dealers and conferences were held with representatives of the various tobacco monopolies, the Italian monopoly, the Austrian monopoly, the director of the Czecho-Slovakian monopoly, and two conferences with the Imperial Tobacco Company of England. At all these conferences facts were presented to make clear the program of the organized farmers and to correct any impression that the marketing associations were "trusts and combinations formed to extract huge and unfair profits from foreign consumers."

One of the best conferences held was with the Cooperative Wholesale Society of England, an organization with a membership of more than three millions, operating 1,400 stores in England and Scotland, and handling all kinds of supplies for its members.

Denmark, Belgium, Sweden, Germany, Holland and France, were also visited. Conferences were held, and at each point visited the commission filed a brief, setting forth its plans and purposes and giving reasons why the cooperatives should receive support.

By learning the needs of the European markets, by securing first hand trade information, and by correcting wrong impressions regarding the cooperative associations, the commission believes that much has been gained and that an aggressive sales policy should now be adopted.

TOBACCO ASSOCIATION ARRANGES CROP INSURANCE FOR ITS MEMBERS

At a cost of \$24 an acre, 14,500 acres of tobacco belonging to the grower-members of the Connecticut Valley Tobacco Association, Hartford, Conn., have been insured against hail and other unfavorable weather conditions to the value of \$300 an acre. A blanket policy has been issued to the association in the sum of \$4,350,000.

The deal for the insurance was closed on July 7 and on July 9 the first hail storm of the season damaged the crops of five growers.

Losses are adjusted by a committee representing the association cooperating with the adjusters for the companies carrying the insurance.

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WISCONSIN HAS ANOTHER FOUR MILLION DOLLAR TOBACCO CROP

Fifteen hundred new members were added to the Northern Wisconsin Tobacco Pool, Madison, Wis., during its first year, and in April of the present year the membership was reported as 7,635. The amount of business handled in 1923, the first season of operation, was over four million dollars, and this season's business is expected to reach the same figures. Financial arrangements for handling the 1923 crop are being made with the Intermediate Credit Bank. The following statement has been made regarding the finances of the pool:

Since January 1, 1924, the pool has paid more than one million dollars to its grower-members on the first advance payment; it has paid all its overhead expenses (salaries, rents, insurance, taxes, etc.); it has paid the interest for nine months in advance on all money borrowed this year; it has met all the payrolls for about six hundred sorters, packers and field force; and has actual cash on hand to complete the sorting and packing of all the sorting tobacco, and to meet all other expenses.

The tobacco pool is financially sound and has not been otherwise since the day in January, 1923, when the bankers of the tobacco-growing area of Wisconsin and of the city of Milwaukee showed their faith in cooperative marketing in Wisconsin by agreeing to loan to the pool up to one and one-half million dollars on the 1922 crop of tobacco if it was necessary.

All tobacco is sold on grade and the handling of the badly damaged 1923 crop has been a difficult proposition. A systematic plan of handling has been worked out in the pool warehouses and the association has adopted the slogan "Wisconsin tobacco should be in every good cigar."

COOPERATIVE COTTON TO BE SOLD IN JAPAN

Plans are being made by the American Cotton Growers' Exchange, Memphis, Tenn., to open a sales office in Japan in the near future, through which office cotton from the various cooperative associations will be handled. As Japan uses 700,000 bales of American cotton each year it is considered an excellent prospective market for the cooperative associations. When the office is opened it will be in charge of experienced cotton men who are qualified to handle the trade in the Far East.

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NORTH CAROLINA MAKING FINAL SETTLEMENT FOR COTTON

Checks for the final settlement for 1923 cotton are being mailed out as rapidly as possible by the North Carolina Cotton Growers' Cooperative Association, Raleigh, N. C., and it is expected that the work will be completed before August first. These checks will total approximately \$3,000,000.

At the beginning of the season the board of directors laid out a program for the management to follow during the year. The plan provided for the orderly marketing of the crop month by month, for an advance to members of 50% of the value of the cotton on delivery, a substantial payment in December, another substantial payment in April, and a final settlement not later than August first. This program has been followed rigidly throughout the year. The final payment will bring the price received by members for their cotton to 28.80¢ for middling cotton, 7/8 to 1-inch staple.

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CREDIT OF ONE HUNDRED MILLIONS SECURED FOR COTTON GROWERS

Through the finance committee of the American Cotton Growers' Exchange, Memphis, Tenn., arrangements have been made with a syndicate of New York City banks to finance the cotton associations of twelve states to the extent of \$100,000,000. The interest rate of 4-1/4 to 4-3/8% is a noticeable feature of this large project. Under the terms of the agreement the minimum which can be borrowed is \$15,000,000 and the associations have until August 1 to determine the amounts they will require. The loan is made on a 90-days basis with option of extension over a period of 10 months. It is stated that farmers borrowing individually at the banks in the cotton section would be forced to pay 7% or 8% interest.

In addition to this loan the Federal Intermediate Credit Banks have agreed to allow \$50,000,000 or more on the 1924 cotton crop. This arrangement was made in order to be sure that the members of the cotton associations will be adequately financed.



COMPARISON OF EXPENSES FOR TWO YEARS

Cost of operation for the past season by the Arizona Pimacotton Growers, Phoenix, Ariz., was \$5.06 per bale, or one cent per bale more than the figures given by a much larger association which holds the record for the lowest operating cost. In view of the smaller quantity handled this is considered by the manager as an excellent record.

At the annual meeting, held at Phoenix on June 23, a report was presented comparing the operating expenses and handling charges for two years. The figures were as follows:

<u>Operating expenses</u>	<u>:</u>	<u>1922-23</u>	<u>:</u>	<u>1923-24</u>	<u>:</u>	<u>Saving</u>
Administrative	:	\$11,075.77	:	\$ 7,896.84	:	\$ 3,178.93
Office	:	36,874.78	:	23,883.50	:	12,991.28
Grading and sampling	:	7,359.43	:	5,626.06	:	2,233.37
Miscellaneous	:	18,424.30	:	6,657.50	:	11,766.80
Gross operating expenses	:	74,234.28	:	44,063.90	:	30,170.38
Less sale of loose cotton,	:		:		:	
gain in weight, and	:		:		:	
amount deducted for han-	:		:		:	
dling cotton seed	:	29,218.98	:	29,979.58	:	
Net operating expenses	:	45,015.30	:	14,084.32	:	30,930.98
<u>Handling Charges</u>	:		:		:	
Drayage, storage, insurance,	:	24,456.52	:	21,828.43	:	2,628.09
Interest charges	:	12,066.33	:	4,030.08	:	8,036.25
Total handling charges	:	36,522.85	:	25,858.51	:	10,664.34
Total of net operating ex-	:		:		:	
penses and handling charges	:	81,538.15	:	39,942.83	:	41,595.32

Included in the amount deducted for 1923-24 is an item of \$21,659.12 which is the amount of expense assumed by the subsidiary organization, the Arizona Cotton Processing Company. The processing company owns one-fourth of the stock of the Mutual Cotton and Oil Company, amounting to \$213,000. This stock earned \$40,000, of which \$21,659 was applied to the expenses of the Arizona Pimacotton Growers and the remainder was applied to the notes of the Mutual Cotton and Oil Company.

The quantities of cotton handled have been as follows: 1921 crop, 10,700 bales; 1922 crop, 10,200 bales; 1923 crop, 7,900 bales.

One distribution on the 1923 cotton was made to members in December, a second in January, and the final, except on a limited quantity, in May.



ALABAMA COTTON GROWERS RECEIVE FOURTH DISTRIBUTION

A fourth distribution on 1923 cotton was completed on June 5 by the Alabama Farm Bureau Cotton Association, Montgomery, Ala. This payment brought the price received by members for their crop to 26.10¢ per pound, middling basis white. The general manager believes one of the great advantages of cooperative marketing lies in the fact that the payments for crops are distributed throughout the year and a portion of the money comes at times when the farmer is in special need of funds.

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NORTH CAROLINA COTTON GOES TO EUROPE

Thirteen thousand bales of North Carolina cotton are now on their way to Europe, having been shipped recently by the North Carolina Cotton Growers' Cooperative Association, Raleigh, N. C., to the mills of Germany and Russia. The weight of this cotton was approximately 6,500,000 pounds, and it was sold for more than \$2,000,000.

The Russian mills will use 1,500 bales of this cotton which will be unloaded at the port of Murmansk on the White Sea, while the German shipments will go to Bremen. Seven thousand five hundred bales were compressed at Wilmington and shipped direct from that port. The remainder went from Norfolk. This is the largest export shipment ever made by the North Carolina Cotton Growers' Association and suggests the possibilities of the future.

As the mills of North Carolina use more cotton than is produced in the state, it is the policy of the management of the association to persuade growers to produce the grades and types of cotton which are desired by the North Carolina mills, and to sell the cotton at home so far as possible. This season the operation of the North Carolina mills has been curtailed on account of the general business depression and the association reached out for foreign markets. Approximately 24,000 bales have been exported this season.

The weekly report of operations dated June 21, shows that the association has received 130,716 bales of cotton and has advanced the members on this cotton the sum of \$14,921,625.

Certificates for the reserve fund for 1922-23 are being sent to members together with checks for interest on the certificates. This reserve fund consists of the 1% retained from the proceeds from the sale of the 1922 crop, and bears interest at 6%. A letter is also being sent to each member explaining that this check is purely interest and has nothing to do with the final settlement for the 1923 cotton.

New members are coming into the association in large numbers and it is hoped to have 1,000 names added to the roll by the first of September.

MUCH DETAIL INVOLVED IN COOPERATIVE COTTON MARKETING

The magnitude of the business of the Texas Farm Bureau Cotton Association is indicated by the fact that the 182,325 bales handled by the association last year were received on 102,360 bills of lading. The first bill of lading reached the office July 16, 1923, and the last one covered cotton shipped on March 31, 1924. The busiest day was October 1 when 2,765 bills of lading covering 4,338 bales of cotton were received. Members numbering 12,707 executed mortgages or assignments, or forwarded remittance advices in connection with their cotton shipments. During the year a total of 77,048 checks were issued and more than 300,000 pieces of mail dispatched. In preparing for the coming season 600,000 shipping tags have been sent to members along with full instructions for forwarding cotton.

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MISSISSIPPI COTTON GROWERS STAND BY COOPERATIVE ASSOCIATION

Practical cooperative marketing was put to the test in Mississippi the other day and was directly sustained by an overwhelming majority of those directly concerned in the way of dollars and cents. Dissatisfied members of the Staple Cotton Cooperative Association, Greenwood, Miss., appeared at the May meeting of the board of directors and asked to have steps taken to bring about a dissolution of the association on the ground that the members desired to be released from the five-year contracts which they had signed. The board directed that a canvass be made of the membership to obtain definite information which the board could have available as the basis of intelligent action.

The result of the canvass was a surprise to many. Of the 2,531 who had signed the marketing contract, 1,589 were reached and their opinions recorded. The active members in favor of continuing the association numbered 1,063; the non-active in favor of continuing, 287; total in favor of continuing, 1,350, or 85% of those canvassed. The number of active members in favor of dissolving the association was 110; non-active members in favor of dissolution, 52; total in favor of dissolution, 162, or 10.2%. Members not expressing an opinion, 77, or 4.8%.

The members seen in connection with the canvass delivered 97,577 of the 107,124 bales of cotton of the 1923 crop delivered to the association up to that time. Those in favor of continuing the association delivered 83,475 bales; those in favor of dissolution, 10,139 bales; and those who refrained from expressing an opinion, 3,963 bales. The percentages, based on 97,577 bales, are 85.5%, 10.4%, and 4.1%, respectively.

The manager of the association in commenting upon the result of the canvass said, "These cotton growers have stood by their guns and proved faithful to their contracts through three very trying and distressing years..... They have stood by ... their fellow-members this season in the face of a drop of 11¢ in their cotton, and today they are loyal to their contracts and firm in their determination to live up to the spirit and letter of their obligation to their organization and to the business world in which it has assumed an enviable standing. ..."

LIABILITY OF COMMON CARRIERS LIMITED BY PUBLISHED TARIFFS

May a cooperative association recover damages from a railroad company for its failure to furnish cars? This question can not be answered dogmatically. In the case of Davis vs. Cornwell, recently decided by the Supreme Court of the United States, Cornwell brought suit against Davis as agent of the President under the Transportation Act, 1920, owing to the breach of an express promise by a station agent that cars would be on hand on a certain date for transporting livestock in interstate commerce. Cornwell sought to recover on the theory that he had entered into an absolute contract under which the cars were to be available on a specific date. The published tariffs of the carrier did not provide for undertakings of this kind and for this reason the Supreme Court held against Cornwell.

Under the Interstate Commerce Act every service that an interstate carrier furnishes must be provided for and covered by the published tariffs. This is to insure uniform rates and like treatment of all shippers. The following quotation from the opinion shows the basis for the conclusion reached:

The agent's promise that the cars would be available on the day named, was introduced to establish an absolute obligation to supply the cars, not as evidence that the shipper had given due notice of the time when the cars would be needed, or as evidence that the carrier had not made reasonable efforts to supply the cars. The obligation of the common carrier implied in the tariff is to use diligence to provide, upon reasonable notice, cars for loading at the time desired. A contract to furnish cars on a certain day imposes a greater obligation than that implied in the tariff. For, under the contract, proof of due diligence would not excuse failure to perform.

Although Cornwell lost in this case it is clear from the foregoing quotation that in an ordinary case a shipper may recover damages from a carrier where it fails to use diligence to furnish cars pursuant to a reasonable request therefor. In the instant case the question of diligence was not involved as Cornwell insisted that he had an absolute contract under which the cars were to be available on a specific date.

L. S. Hulbert.



THE DEVELOPMENT OF AGRICULTURAL COOPERATION

If the 5,800 farmers' business organizations handling grain, dairy products, fruits and vegetables, and livestock, which have reported year of formation to the United States Department of Agriculture can be considered representative of the 12,000 existing associations, then it is possible to point out a few significant facts regarding the development of agricultural cooperation in the United States. The figure 5,800 includes only associations now active. When the data for the associations which have gone out of business are compiled and combined with the figures telling the story of the living associations, it may be that somewhat different conclusions will be drawn than those suggested by the percentages derived from the data now at hand.

As regards year of formation the 5,800 associations can be roughly divided into four groups: those organized during the twenty years, 1882-1901; those organized during the ten years, 1902-1911; those organized during the next ten years, 1912-1921; and those organized since 1921. The first group comprises 8.6% of the total number; the second group, 20.3%; the third, 65.3%; and the last, 5.8%.

The years of most rapid expansion in number of associations were 1905, 1908, 1912, 1914, and 1919. National elections were held in 1908 and 1912; the world war began in 1914; and 1919 was the year immediately following the close of the war.

The years of retarded expansion were 1899, 1907, 1913, 1917, and the years since 1919.

Nearly one-half of the 5,800 associations studied were engaged in the marketing of grain; about 20% were creameries; about 13%, livestock shipping associations; about 11%, fruit and vegetable organizations; and about 6%, cheese factories.

The greatest single factor in the formation of associations since 1902 has been the grain marketing associations. Beginning with 1903 and continuing through 1920 more than half of the organizations credited to each year have been classified as cooperative elevators. The falling off in the number of associations formed for the years 1920 and 1921 is entirely the result of a decline in the number of grain marketing associations organized, as there was a substantial increase for both years in the number of associations handling dairy products, fruits and vegetables, and livestock.

The increase in the number of associations handling dairy products has been fairly consistent each year up to 1919. The largest number formed in any one year was in 1917. Prior to 1920



most of the dairy marketing organizations formed were associations for the operation of creameries and cheese factories serving the producers of small communities. In 1920, however, there was a very marked increase in the number of associations formed to handle market milk over large areas. This tendency, which still continues, means the absorption of many local associations and partially precludes the formation of local creameries and cheese factories. It indicates a falling off for the next few years in the number of associations formed for the handling of dairy products. Of course the quantity of dairy products being marketed cooperatively is increasing rapidly, as is also the number of producers involved, but the business is being handled by a smaller number of associations.

There are several ups and downs in the figures indicating the number of fruit and vegetable marketing associations formed in the different years. For instance, 1901 has credited to it a greater number of associations than any preceding year or any succeeding year until 1908. In 1917 fewer organizations were formed than in any preceding year or succeeding year for five years. The most important year from the standpoint of the fruit and vegetable associations was 1921 when 16.7% of the fruit and vegetable associations included in the present study were launched. It was not until 1923 that the idea of the centralized association operating over an entire producing region obtained a foothold in the territory to the east of the Rocky Mountains. Prior to that year the accepted plan for fruit and vegetable associations had been to form local associations and to federate them for selling purposes. That plan is still the approved method in many sections.

One organizer of fruit and vegetable associations has said that the producers are more prone to organize in times of distress than in times of prosperity. The great increase in the number of such associations formed in 1920, as compared with the preceding years, would seem to lend some color to the theory, for it was in that year that the price level for farm products sank considerably below the levels prevailing during the period of the world war.

Only during the last ten or fifteen years has the organization of livestock shipping associations been a matter of statistical significance. About 1914 the formation of such associations began to have numerical importance. From that year until 1921 there was a steady increase in the number formed each year. It is likely that the formation of such associations will continue for several years as they perform functions which can not well be taken over by the centralized form of association which has been developing since 1920.

(See chart on page 254.)

